

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

MERRILL LYNCH BUSINESS FINANCIAL  
SERVICES INC.,

07 CV 7048 (LAP)

Plaintiff,

-against-

D.M.S. DIAMOND CO., INC., MARC STEINBERG, and  
"JOHN DOE #1" THROUGH "JOHN DOE #12", the last  
twelve names being fictitious and unknown to plaintiff,  
being persons having or claiming an interest in or lien  
upon the Collateral described in the complaint,

Defendants.

**REPLY DECLARATION  
OF WILLIAM SARDEGNA**

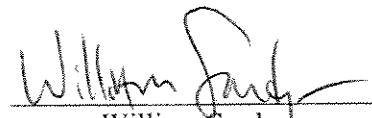
I, William Sardegna, declare as follows:

1. I am an Assistant Vice President of plaintiff Merrill Lynch Business Financial Services Inc. ("MLBFS"). I make this reply declaration, on personal knowledge, in further support of plaintiff's motion for summary judgment against defendants D.M.S. Diamond Co., Inc. ("DMS") and Marc Steinberg on the note and guaranty they gave to MLBFS.

2. Attached as Ex. A is the November 30, 2007 statement for defendants' account. Page 3 shows defendants getting credit for their November \$8,000 payment. It also shows a closing principal balance of \$303,313.13, plus \$2,050.58 in accrued monthly interest due under the WCMA Note through such date. This makes a total principal and interest debt as of December 1, 2007 of \$305,363.71. This figure is exclusive of attorneys' fees and other collection costs specifically recoverable under the WCMA Note.

I declare under penalty of perjury of the laws of the United States of America that the foregoing is true and correct and that this declaration was executed on the date set forth below.

DATED this 5th day of December 2007



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William Sardegna